

The background of the page features a large, faded seal of the Norfolk City Council. The seal is circular with a gold border. Inside the border, the words "NORFOLK CITY COUNCIL" are written in a circular path. The center of the seal depicts a three-masted sailing ship on the water, a small boat on a shore, and three columns at the bottom. The text "COMMISSIONER'S ANNUAL REPORT" is overlaid in large blue letters.

Commissioner's Annual Report FY 2015

Norfolk, Virginia
Commissioner of the Revenue



Table of Contents

Mission Statement.....	3
History of the Office.....	4
Duties of the Office.....	5
Commissioner's Listed Duties.....	5
Commissioner's Additional Duties.....	5
Personal Property Revenue Team Duties.....	6
Tangible Personal Property - Vehicles.....	8
DMV Select.....	9
Rental Tax on Daily Rental Passenger Cars.....	10
Residential Parking Permit Sales.....	11
Mobile Homes & Aircraft.....	12
Yard/ Garage Sale Permits.....	13
Omitted Assessments - Vehicles.....	14
Business Revenue Team Responsibilities.....	15
Business Personal Property.....	17
Business License Activity.....	18
Gross Receipts Breakdown by Classification.....	19
City of Norfolk Lodging Tax.....	20
City of Norfolk Food and Beverage Tax.....	21
Admissions Tax.....	21

Table of Contents

Personal Watercraft.....	22
Commercial Vessels.....	23
Cigarette Tax.....	24
Short Term Rental Tax.....	25
Special Taxes - State & City Duties.....	26
Franchise and Utility Tax.....	28
Public Service Corporations.....	29
Audit Team Duties.....	30
Revenue from In - Depth Assessments.....	31
Tax Compliance Team Duties.....	32
Tax Compliance Team Summary.....	33
Taxpayer Assistance Team Duties.....	34
State Income Tax.....	35
Assessment Recap by Classification.....	36

Commissioner of Revenue

"Providing Superior Service and Quality to the Citizens of Norfolk"

Mission Statement

We are the chief tax assessor for the City of Norfolk.

We provide superior service and quality in the:

- ◆ Assessment of individual and business personal property;
- ◆ Issuance and renewal of business licenses;
- ◆ Administration of all fiduciary taxes;
- ◆ Provider of DMV Select services;
- ◆ Evaluation of customer tax compliance;
- ◆ Assistance and processing of Virginia State Income Taxes;
- ◆ Investigation of inquiries and delinquent accounts;
- ◆ Assistance with Yard Sales and Residential Parking Permits.

We provide these services for the Citizens of Norfolk to aid in the continued economic growth of our city.

Commissioner of Revenue

"Providing Superior Service and Quality to the Citizens of Norfolk"

History of the Office

The primary responsibility of this office is the assessment of City and State taxes. The Commissioner of Revenue holds office as an agent for the state, as well as the local government, and is the assessing officer on the local level for those taxes as prescribed by State law and City Ordinance.

The office of the Commissioner of Revenue was provided for in Virginia's Constitution in 1869. By 1906, the Virginia General Assembly had made it an appointive office, to be appointed by the local court. A Constitutional Amendment in 1910, changed the appointive method to elective for a four year term. In 1926, the General Assembly reduced the number of county Commissioners to one per county, conforming to the cities, making a total of one hundred and thirty four. In 1932, the General Assembly set up the basis of compensation for Commissioners, with both the State and City participating.

Your Commissioner of Revenue Office provides service and assistance to citizens and businesses on tax-related issues. Norfolk citizens use this office and depend on it to assist them with both State and City tax-related concerns. As a bridge between our City Council members and our State Legislators, this office serves to protect the City and the taxpayers. A key responsibility of your Commissioner of Revenue is to keep abreast of, and to lobby for, or against, legislative issues as they impact our city's revenues and funding of the Commissioner's office.

Duties of the Office

The Commissioner of Revenue is the Assessor of all City taxes, except Real Estate, and of certain State Taxes as outlined in Sections 58.1-3100 through 58.1-3122 of the Virginia Code.

Commissioner's duties as specified by Virginia State and Norfolk City Code:

- Assess all Business and Personal Property
- Classify and issue Business Licenses
- Process State Income Tax Returns
- Assess all Local Fiduciary Taxes

Commissioner's additional duties:

- 1) Administrator of Food and Beverage, Lodging, Room Tax, Admission, Short-Term Rental and Cigarette taxes
- 2) Administrator of Personal Property Tax Relief Compliance Program
- 3) Provider of DMV Select services
- 4) Administrator of Residential Parking and Yard Sale Permits
- 5) Provider of State Income Tax Assistance
- 6) Administrator of an audit program which, on a regular basis, evaluates, appraises, and compares all Business Licenses, ad valorem and excise taxes, and their level of compliance to State and City code
- 7) Administrator of Utility, Franchise (Bank and Telephone) and Public Service Corporation taxes
- 8) Collector of Contractor Workers Compensation certifications with responsibility to forward them to the State Workers Compensation Board
- 9) Provider of tax-related statistical data to the City Council, the City Manager, and other City Offices and Departments
- 10) Provider of revenue forecasts to the City Manager and City Budget office in conjunction with the development of the City's annual operating budget
- 11) Watchdog of all tax-related legislation introduced into the General Assembly in order to ascertain potential impact on local tax revenues
- 12) Advisor to Norfolk legislators to the General Assembly and Norfolk City Council concerning revenue issues
- 13) Administrator of a program to conduct Manufacturer determination visits
- 14) Participant in State Sales Tax Partnership Program - Assist the Virginia Department of Taxation in identifying unreported revenues
- 15) Verify and Issue Enterprise Zone Tax refunds
- 16) Administrator of Charitable Solicitation Permits

Personal Property Department

Brian Casey, Supervisor

Phone: 664-7858 email: brian.casey@norfolk.gov

Personal Property Department Duties

- ◆ **Individual/Business Vehicle Personal Property** - Autos, trucks, motorcycles and utility trailers are assessed on a *prorated* basis. Proration is calculated on the actual number of months the vehicle is present in the City of Norfolk. Assessment is calculated using the National Automobile Dealers Association (NADA) "Loan" Value and taxed at the rate of \$4.33 per hundred. Personal Property Tax is payable annually on, or before, June 5th.
- ◆ **PPTRA Personal Property Tax Relief** - provides tax relief for passenger cars, motorcycles, and pickup or panel trucks having a registered gross weight of less than 7,501 pounds. In 2015 the relief percentage, paid by the State, was 55%.
- ◆ **Recreational Vehicles** - Recreational Vehicles are assessed on a *prorated* basis using the NADA Recreational Vehicle Guide "Used" Value and taxed at the rate of \$1.50 per hundred. Recreational Vehicle property tax is payable annually on, or before, June 5th.
- ◆ **Aircraft*** - Aircraft are assessed at 20% of the wholesale value in the Aircraft Blue Book and taxed at the rate of \$2.40 per \$100. Aircraft taxes are due on, or before, June 5th.
- ◆ **Mobile Homes*** - Mobile Homes are assessed using the Virginia Mobile Home Appraisal Guide and taxed at the rate of \$1.11 per \$100. All Mobile Home taxes are due on, or before, June 5th.
- ◆ **Rental Tax on Daily Rental Passenger Cars** - These taxes are remitted by the business to the Department of Motor Vehicles on a monthly basis. Taxes are assessed at 8% of the Gross Rental Proceeds for vehicles with a *gross vehicle weight of 26,000 pounds or less*. The DMV then forwards half of that amount to the City of Norfolk. Taxes are assessed at 4% of the Gross Rental Proceeds for vehicles with a *gross vehicle weight of 26,001 pounds or more*. The entire 4% is forwarded to the City of Norfolk. The Commissioner's Office has the responsibility of verifying receipt and accuracy of all remittances.

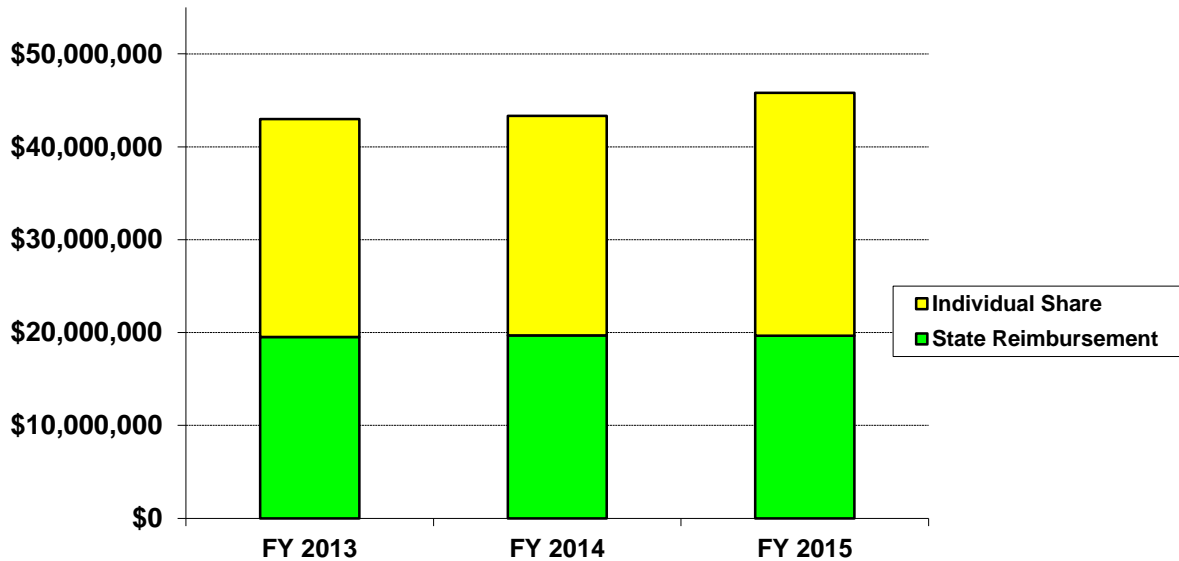
*Personal Property Taxes in this classification are NOT prorated.

Personal Property Department Duties

- ◆ **Residential Parking Permits** - \$10.00 per vehicle, per year; for vehicles in certain areas of the city, *prorated* semi-annually. **One free** visitor pass per address is issued **annually**. In addition, 30-day visitor passes are available for \$2.00 with a maximum of 2 being issued simultaneously. As of June 30 2013, there were 21 Residential Parking Permit Zones in the city.
- ◆ **Yard/Garage Sale Permits** - \$5.00 Yard Sale permit fee and limited to two permits per calendar year in accordance with Norfolk City Code.
- ◆ **DMV Select** - services include Vehicle Titling, Vehicle Registration, Special & Personalized License Plates, Dealer Title & Registration Services & Voter Registration enabling one-stop processing for most DMV transactions. The Commissioner's Office receives compensation from the Department of Motor Vehicles of 4.5% of gross receipts of DMV transactions up to \$499,999, and 5% of DMV transactions \$500,000 and up.

Tangible Personal Property - Vehicles

Chart 8 - Comparison - Tax Relief to Total Tax Due



**Personal Property Tax Relief State Reimbursement:
Tax Relief 2013 - 2015 55%**

Table 8 - Summary of Tangible Personal Property Tax on vehicles

		Year			Inc/Dec	% Change
		FY 2013	FY 2014	FY 2015		
All Vehicles	Number Accts	182,699	184,562	222,406	37,844	20.50%
	Assessed	\$1,033,769,492	\$1,038,507,108	\$1,429,862,099	\$391,354,991	37.68%
	Tax Due*	\$42,991,235	\$43,346,701	\$45,801,099	\$2,454,398	5.66%
Average Tax Due per Vehicle		\$235.31	\$234.86	\$205.93		
Vehicles qualifying for Tax Relief	Number Accts	158,358	160,207	159,430	-777	-0.48%
	Assessed	\$879,015,927	\$884,069,968	\$895,190,614	\$11,120,646	1.26%
	State Reimbursement	\$19,526,818	\$19,686,979	\$19,648,732	-\$38,247	-0.19%
	State Reimbursement %	55%	55%	55%		

* Annual Tax Due after proration

Chart 9 - DMV Select Revenue

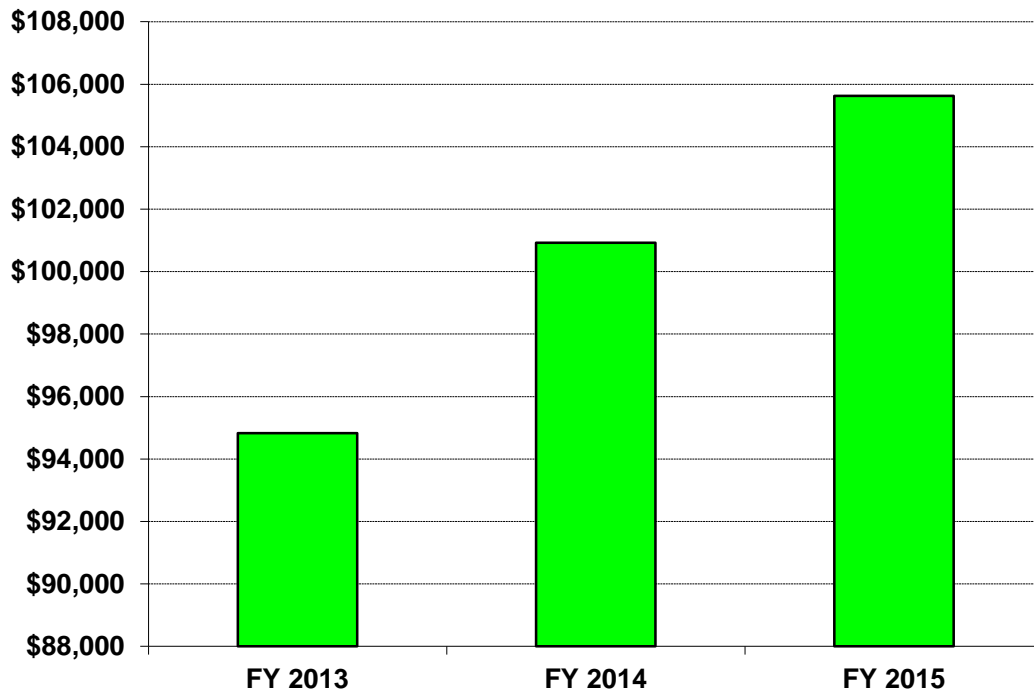


Table 9 - Revenue from DMV Select *

	Year				
	FY 2013	FY 2014	FY 2015	Inc/ Dec	%Change
# of Transactions	54,787	47,500	43,399	(4,101)	-8.6%
Revenue*	\$94,829	\$100,920	\$105,629	\$4,709	4.7%

*The City of Norfolk is compensated by the Commonwealth of Virginia for offering DMV Select Services. These funds go directly to the City's General Fund and do not come back to the Commissioner of Revenue Budget. The compensation for DMV Select Service is based on a percentage of gross sales as follows:

\$0 - \$499,999 in gross sales = 4.5% compensation
 \$500,000 & Up = 5% compensation

Tax on Daily Rental Passenger Cars

Chart 10 - Daily Rental Passenger Car Tax

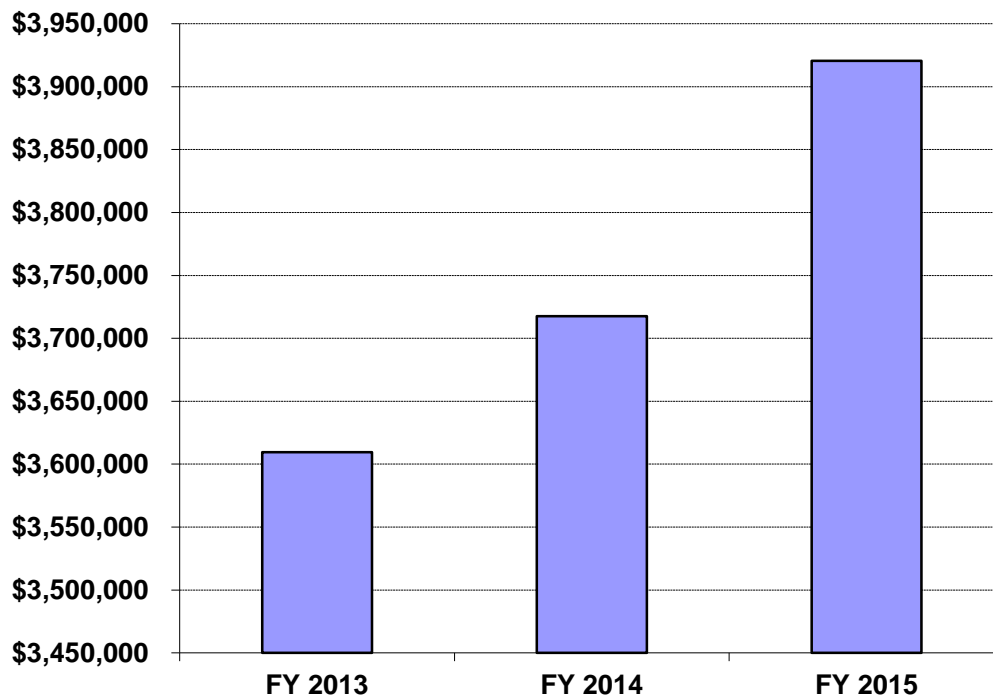


Table 10 - Revenue from tax on daily rental of passenger cars

Period	FY 2013	FY 2014	FY 2015	Inc/ Dec	%Change
Totals	\$ 3,609,578	\$ 3,717,468	\$ 3,920,540	203,072	5.5%

Residential Parking Permit Sales

Chart 11 - Residential Parking Permit Fees

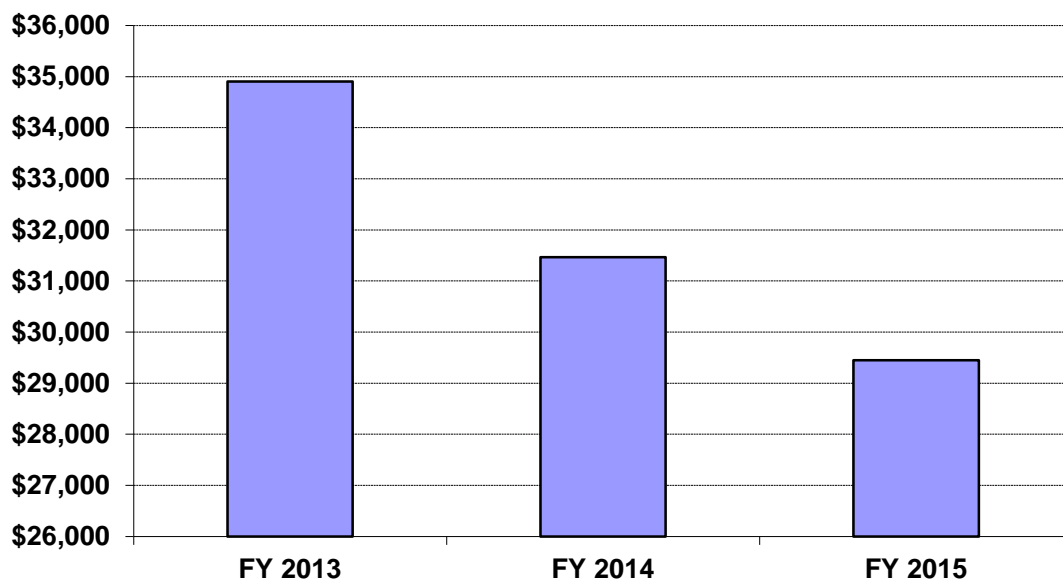


Table 11 - Residential Parking Permits Sold

	FY 2013	FY 2014	FY 2015	Inc/Dec	%Change
Number of Zones	21	21	21	0	0%
Permits Issued	4,046	3,555	3,374	(181)	-5%
Fees Collected	\$34,906	\$31,469	\$29,449	\$ (2,020)	-6%

Mobile Homes & Aircraft

Chart 12a - Annual Tax on Mobile Homes

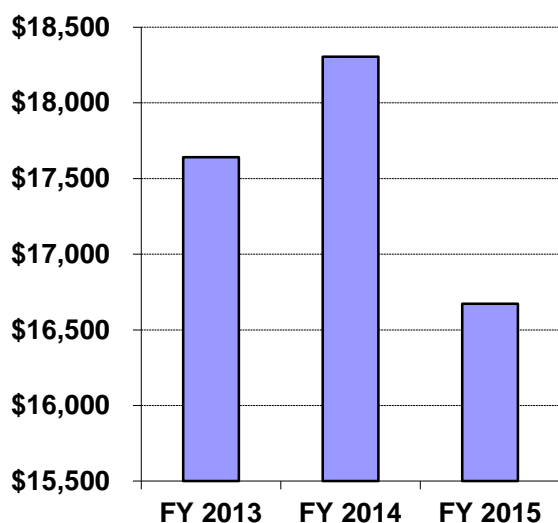


Chart 12b - Annual Tax on Aircraft

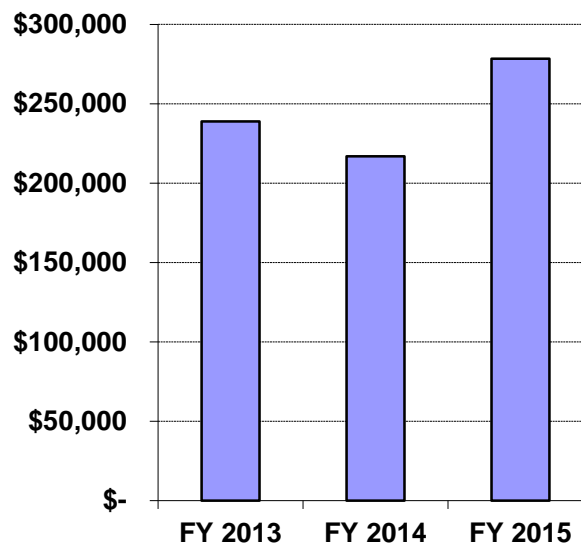


Table 12a - Annual Tax on Mobile Homes

Mobile Homes					
	FY 2013	FY 2014	FY 2015	Inc/ Dec	%Change
Units	461	482	451	-31	-6%
Assessed Value	\$ 1,586,530	\$ 1,646,634	\$ 1,498,080	-\$148,554	-9%
Annual Tax	\$ 17,640	\$ 18,306	\$ 16,672	-\$1,634	-9%
Average Tax Due per Mobile Home	\$ 38.26	\$ 37.98	\$ 36.97		

Table 12b - Annual Tax on Aircraft

Aircraft					
	FY 2013	FY 2014	FY 2015	Inc/ Dec	%Change
Units	77	78	85	7	9%
Assessed Value	\$ 9,951,530	\$ 9,033,878	\$ 11,594,610	\$2,560,732	28%
Annual Tax	\$ 238,848	\$ 216,849	\$ 278,282	\$61,433	28%
Average Tax Due per Plane	\$ 3,101.92	\$ 2,780.12	\$ 3,273.91		

Yard / Garage Sale Permits

Chart 13 - Yard Sale Permit Fees

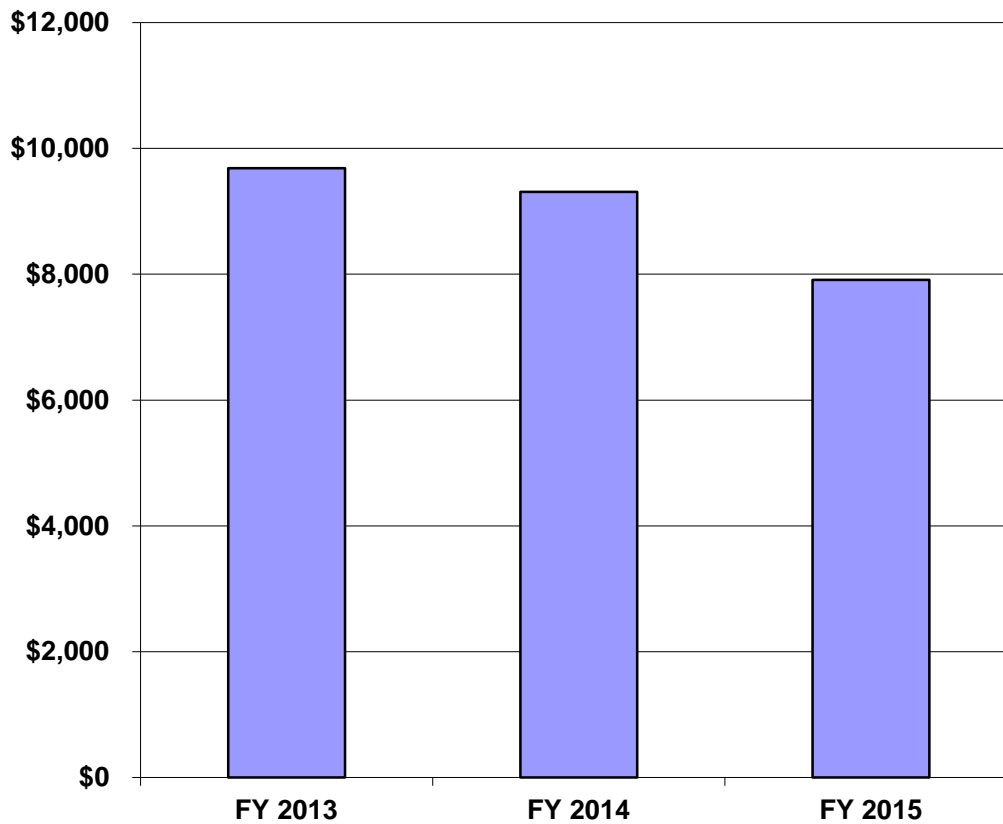


Table 13 - Yard/Garage Sale Permits issued and fees collected

	FY 2013	FY 2014	FY 2015	Inc/Dec	%Change
Permits Issued	1,937	1,862	1,544	(318)	-17%
Fees Collected	\$9,685	\$9,310	\$7,910	\$ (1,400)	-15%

Omitted Assessments - Vehicles

Chart 14 - Omitted Assessments

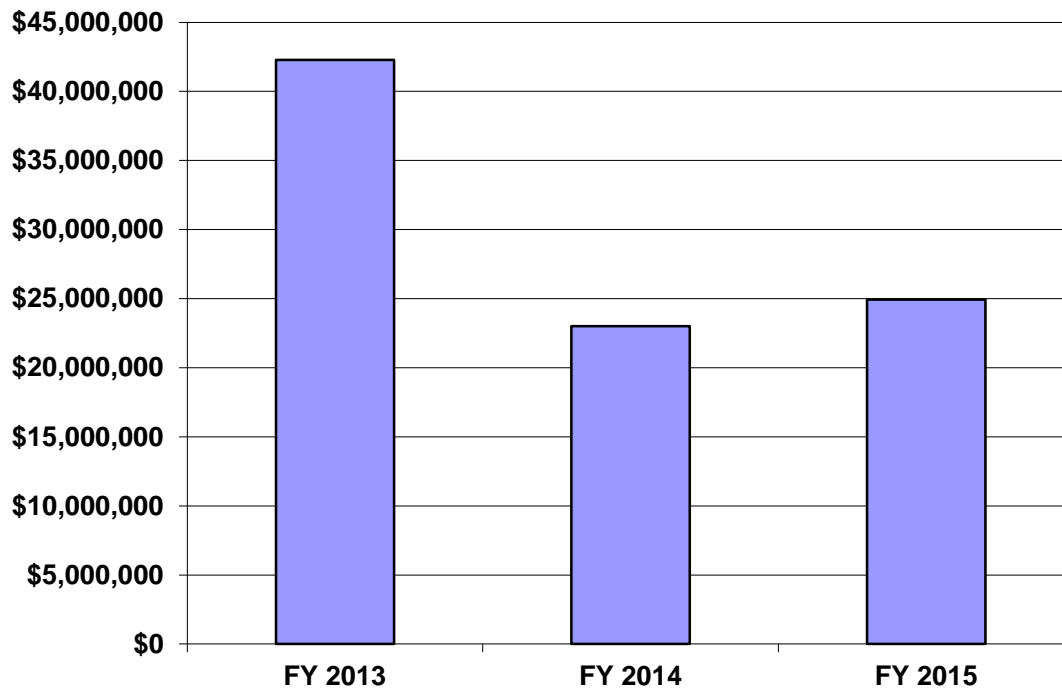


Table 14 - Tax due from Omitted Assessments*

	Year			Inc/Dec	% Change
	FY 2013	FY 2014	FY 2015		
Assessment	\$42,287,031	\$23,002,842	\$24,920,689	1,917,847	8%
Tax	\$1,029,987	\$513,731	\$598,638	84,907	17%

*Omitted Assessments are created when property subject to taxation is discovered by COR staff and added to the tax rolls for current and/or prior years as applicable.

Business Revenue Department

William E. Parker, Supervisor

Phone: 664-7377 email: bill.parker@norfolk.gov

Business Revenue Department Duties

- ◆ **Business Personal Property** - Includes all business furniture, fixtures, equipment, machinery and tools located in the City of Norfolk on January 1st. Business property is assessed at 40% of the original capitalized cost and taxed at the rate of \$4.33 per hundred. Machinery and Tools for manufacturers are assessed at 40% of the original capitalized cost and taxed at the rate of \$4.25 per hundred. Business Personal Property tax is payable annually on, or before, June 5th.
- ◆ **City Business License** - Required of all businesses operating within the City of Norfolk. If annual gross receipts are less than, or equal to, \$100,000 then a flat fee of \$50 is due. If annual gross receipts exceed \$100,000 then the following taxation rates apply: Contactors \$0.16 per \$100; Retailers and Restaurants \$0.20 per \$100; Service and Repair \$0.36 per \$100; Professional and Real Estate \$0.58 per \$100; Telecommunications \$0.50 per \$100 and Wholesalers \$0.15 per \$100 of Gross Purchases plus \$50. Business License taxes are due on, or before, March 1st.
- ◆ **Food and Beverage Tax** - Food and Beverage taxes are 6 1/2% of a prepared meal, including alcoholic beverages. This tax is collected by the business and remitted monthly to the Commissioner of Revenue by the 20th of each month. 1% of this tax is dedicated to the City's Public Amenities Fund.
- ◆ **Lodging Tax** - Lodging taxes are 8% of the hotel/motel bill and are collected by the business. They are remitted monthly to the Commissioner of Revenue by the 20th of each month. 1% of this tax is dedicated to the City's Public Amenities Fund.
- ◆ **Room Tax** - Room tax is \$2 per room for each night of lodging at any hotel. This tax is collected by the business and remitted monthly to the Commissioner of Revenue by the 20th of each month. 50% of the monthly receipts are distributed to the Norfolk Convention and Visitors Bureau, and 50% provides grants to the Norfolk Consortium.
- ◆ **Admissions Tax** - These taxes are 10% on all events held within the city that charge an admission. This tax is collected by the business and remitted to the Commissioner of Revenue by the 20th of the month following the event.
- ◆ **Cigarette Tax** - This tax is assessed by the Commissioner of the Revenue on cigarettes purchased in the City of Norfolk. A stamp must be affixed to each package of cigarettes sold in the City. The taxation rates, are \$.80 on a package containing 20 cigarettes, and \$1.00 on a package containing 25 cigarettes.

Business Revenue Department Duties

◆ Boats:

Personal Watercraft are assessed annually using the Anderson, Bugg Pricing Guide for Outdoor Service Professionals (ABOS) Marine Blue Book "Retail Value" and taxed at the rate of \$.50 per \$100; plus an additional License Tax of \$15 for boats under 16 feet and \$25 for boats 16 feet and greater.

Commercial Vessels weighing less than 5 tons are assessed using the ABOS Marine Blue Book "Retail Value" and taxed at the rate of \$1.50 per \$100.

Commercial Vessels weighing 5 tons or more are assessed at 60% of original cost, with a depreciation of 5% each year until reaching a minimum depreciated value of 10% of original cost. They are taxed at the rate of \$1.50 per \$100. Boat taxes are due on or before June 5th of each year and boats are not pro-rated. A boat in Norfolk on January 1st is considered to be in Norfolk for the entire calendar year.

- ◆ **Short Term Rental Tax Personal Property** - there is a 1% levy on rental items that are "short term" in nature (92 days or less). These items include, but are not limited to, bowling shoes, DVDs, and tuxedos, party supplies, and bounce houses. The retailer remits this tax to the Commissioner of Revenue on a quarterly basis. There is a 1 1/2% levy on heavy equipment rentals that are in use less than 270 days of a calendar year. These items include; but are not limited to, graders, forklifts, and tractors.

Business Personal Property

Chart 17a - Business Property - Furniture, Fixtures, & Equipment

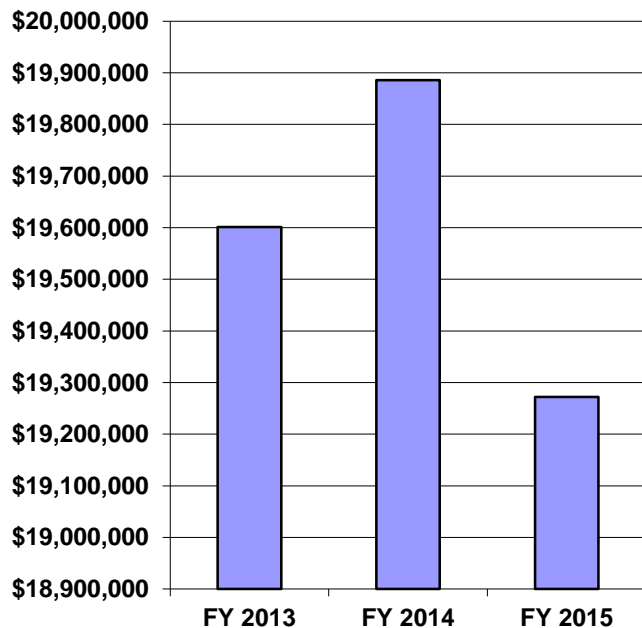


Chart 17b - Business Property - Machinery and Tools

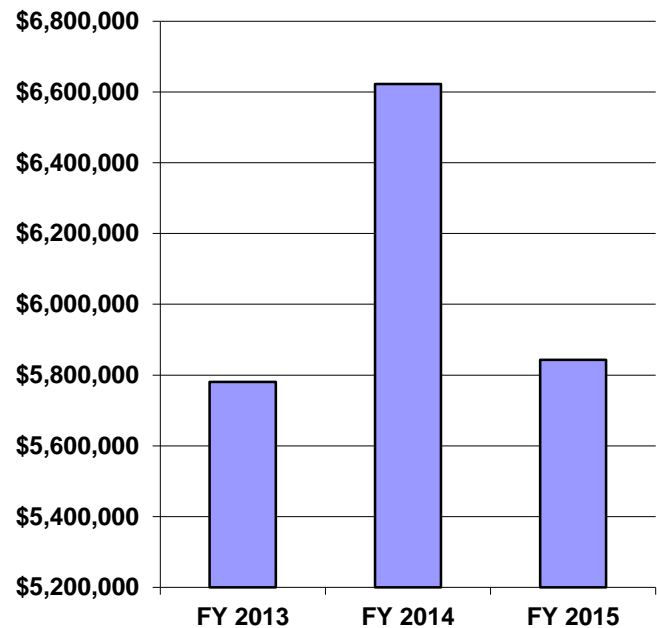


Table 17 - Annual Business Personal Property Tax

Classification		Fiscal Year			Inc/ Dec	% Change
		FY 2013	FY 2014	FY 2015		
Furniture, Fixtures & Equipment	Accounts	9,758	9,574	9,673	99	1.0%
	Assessments	\$453,685,879	\$448,277,642	\$445,088,611	-\$3,189,031	-1%
	Tax	\$19,601,305	\$19,885,662	\$19,272,337	-\$613,325	-3%
Average Tax Due per Account		\$2,009	\$2,077	\$1,992		
Machinery & Tools	Accounts	203	181	171	-10	-6%
	Assessments	\$136,012,746	\$150,641,771	\$137,473,491	-\$13,168,280	-9%
	Tax	\$5,780,541	\$6,621,950	\$5,842,623	-\$779,327	-12%
Average Tax Due per Account		\$28,476	\$36,585	\$34,167		
Combined Total	Accounts	9,961	9,755	9,844	89	0.9%
	Assessments	\$589,698,625	\$598,919,413	\$582,562,102	-\$16,357,311	-3%
	Tax	\$25,381,846	\$26,507,612	\$25,114,960	-\$1,392,652	-5%

Business License - Activity by Classification

Table 18a - Business License Summary

Summary of Business License Activity	FY 2013	FY 2014	FY 2015
# of New Businesses Opened	1,782	1,642	1,763
# of Businesses Closed	2,469	2,790	3,071
Net Increase/Decrease	-687	-1,148	-1,308
Total # Active Businesses	14,155	13,760	13,246

Chart 18 - Business License Terminations

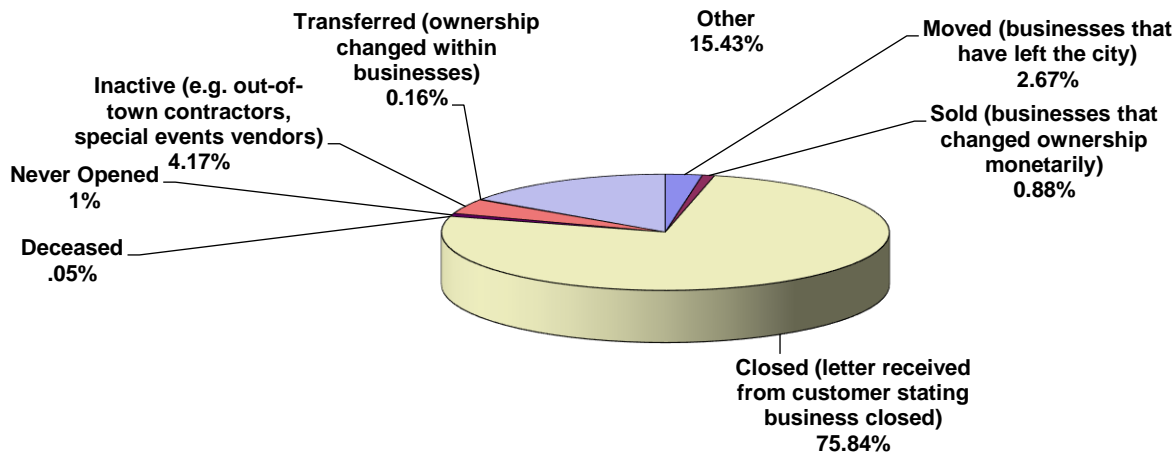


Table 18b - Business License Terminations

Business License Termination Criteria	FY 2013	FY 2014	FY 2015
Moved (businesses that have left the city)	61	76	82
Sold (businesses that changed ownership monetarily)	30	34	27
Closed (letter received from customer stating business closed)	2268	2486	2329
Deceased (owner of business has died)	22	25	
Never Opened (license obtained, but business operations never began)	29	24	26
Inactive (e.g. out-of-town contractors, special events vendors)	42	41	128
Transferred (ownership changed within businesses)	6	3	5
Other	11	101	474
Total	2469	2790	3071

Business License - Revenue by Classification

Chart 19 - Business License by Classification

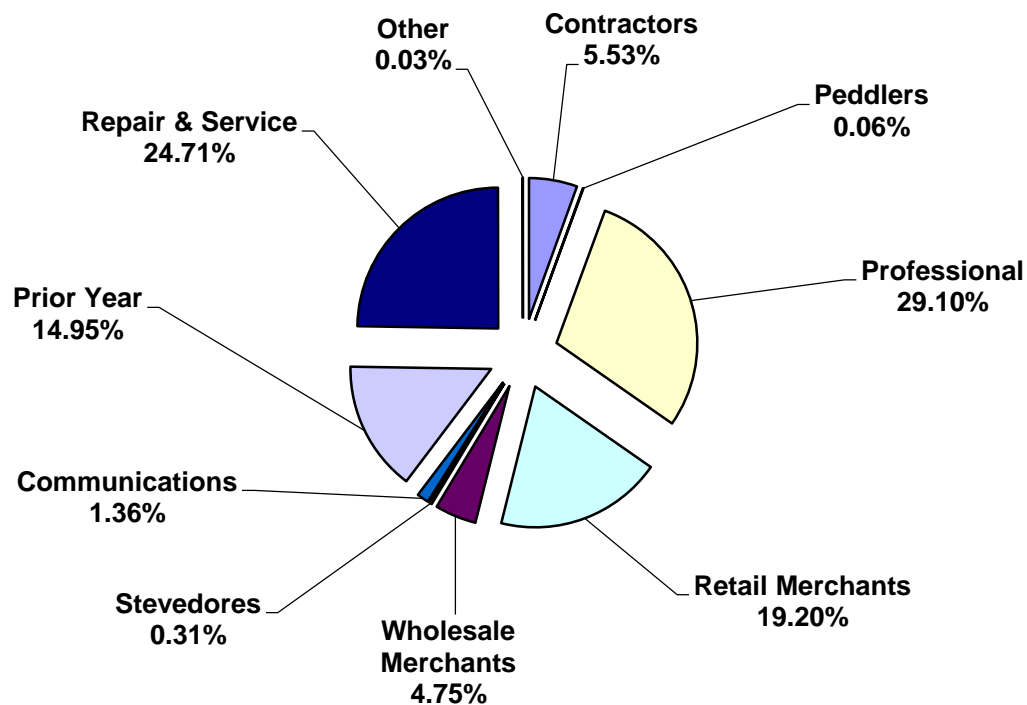


Table 19 - Business License by classification

Classification	FY 2013		FY 2014		FY 2015		Amount Inc/ Dec	Amount %Change
	Number	\$Amount	Number	\$Amount	Number	\$Amount		
Contractors	2,496	\$ 2,051,205	2,572	\$ 2,652,606	2,607	\$ 1,769,108	\$ (883,498)	-33%
Peddlers	354	17,580	379	76,900	400	19,850	(57,050)	-74%
Professional	1,187	9,237,614	1,138	9,861,103	1,129	9,306,868	(554,235)	-6%
Retail Merchants	3,060	6,104,839	3,040	6,171,189	2,989	6,140,184	(31,005)	-1%
Wholesale Merchants	346	1,586,038	331	1,472,879	333	1,520,745	47,866	3%
Stevedores	44	90,987	44	94,939	45	100,234	5,295	6%
Communications	24	415,301	26	581,028	27	434,421	(146,607)	-25%
Prior Year	920	3,120,230	861	2,033,498	600	4,781,636	2,748,138	135%
Repair & Service	4,788	8,370,209	4,500	8,104,893	4,890	7,905,126	(199,767)	-2%
Other	27	11,667	22	7,682	19	8,858	1,176	15%
Total	13,246	\$ 31,005,670	12,913	\$ 31,056,717	13,039	\$ 31,987,030	\$ 930,313	3%

Lodging Tax & Room Tax

Chart 20 - Lodging Tax

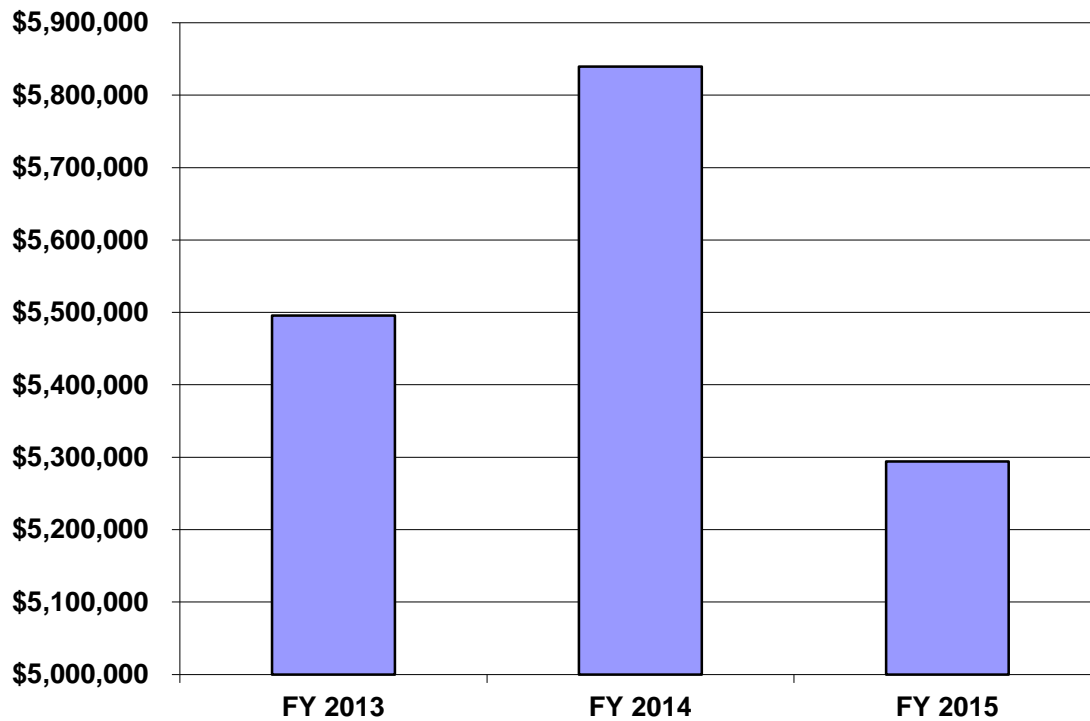


Table 20a - Revenue from Lodging Tax

	FY 2013	FY 2014	FY 2015	Dollars Inc/ Dec	% Change
# of accounts	46	41	44		
Tax Remitted	\$ 5,495,494	\$ 5,839,247	\$ 5,294,262	\$ (544,985)	-9%
Avg Tax per Month	\$ 457,958	\$ 486,604	\$ 441,189		

Table 20b - Revenue from Room Tax

	FY 2013	FY 2014	FY 2015	Dollars Inc/ Dec	% Change
Tax Remitted	\$ 1,835,936	\$ 1,769,962	\$ 1,752,806	\$ (17,156)	-1%
Average Tax per month	\$ 152,995	\$ 147,497	\$ 146,067		

Food & Beverage Tax & Admissions Tax

Chart 221a - Food and Beverage Tax

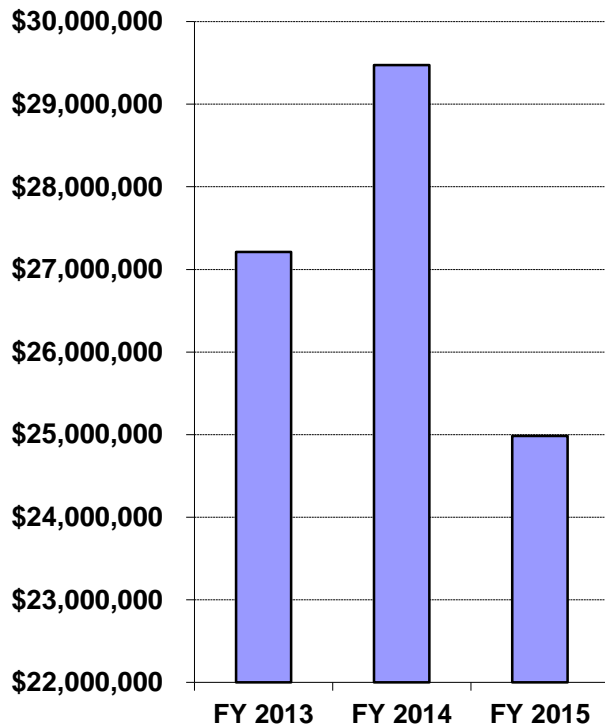


Chart 21b - Admission Tax from Scope, Nauticus, Harbor Park, and all other sources

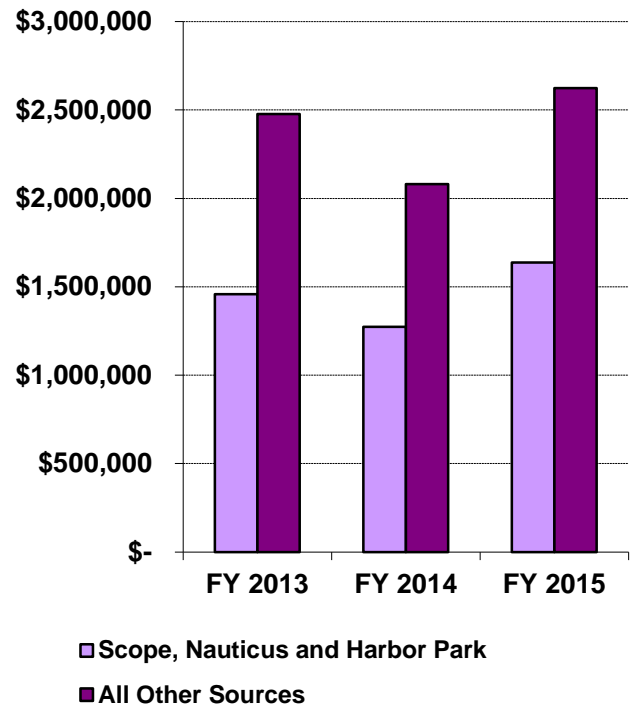


Table 21a - Revenue from Food and Beverage Tax

	FY 2013	FY 2014	FY 2015	Dollars Inc/ Dec	% Change
# of accounts	1059	1003	906		
Tax Remitted	\$ 27,210,164	\$ 29,472,999	\$ 24,983,385	\$ (4,489,614)	-15%

Table 21b - Admissions tax from Scope, Nauticus, Harbor Park, and all other sources

	FY 2013	FY 2014	FY 2015	Dollars Inc/ Dec	% Change
Scope, Nauticus and Harbor Park	\$ 1,457,925	\$ 1,273,836	\$ 1,637,765	\$ 363,929	29%
All Other Sources	2,477,843	2,081,301	2,623,483	\$ 542,182	26.1%
# of accounts - All other Sources	79	83	81		
Total	\$ 3,935,768	\$ 3,355,137	\$ 4,261,248	\$ 906,111	27%

Personal WaterCraft

Chart 22 - Annual Tax on Personal WaterCraft

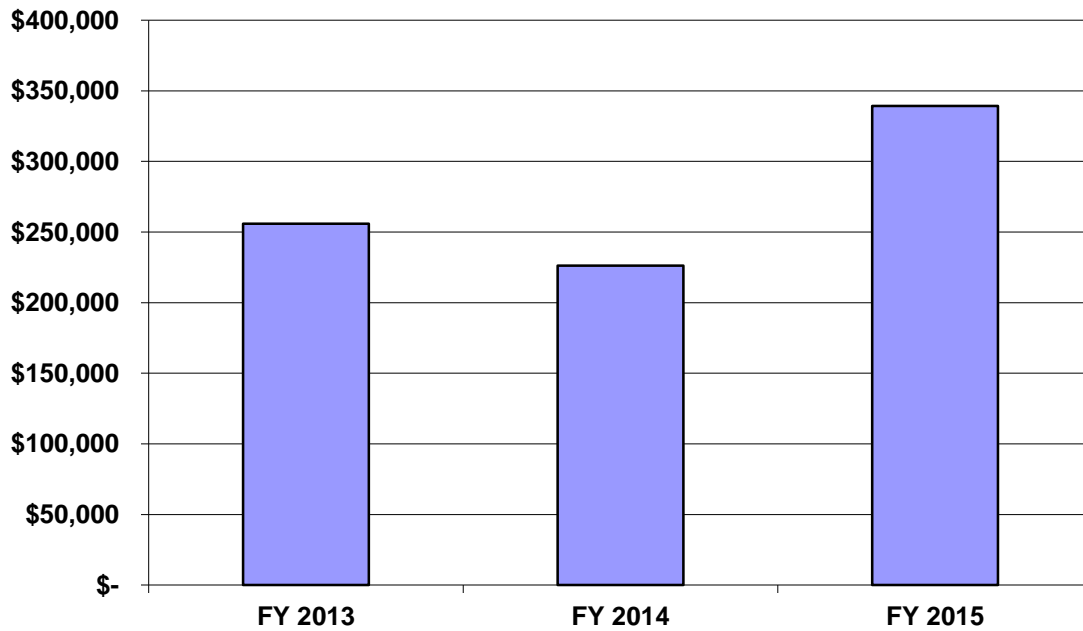


Table 22 - Annual Tax on Personal WaterCraft

Personal WaterCraft					
	FY 2013	FY 2014	FY 2015	Inc/ Dec	%Change
Units	4,671	4,663	4,749	86	1.8%
Assessed Value	\$45,250,288	\$48,765,255	\$50,302,134	\$1,536,879	3%
Annual Tax	\$226,260	\$339,344	\$296,387	-\$42,957	-13%
Decal Fee	\$94,605	\$95,755	\$96,640		
Total Revenue	\$320,865	\$435,099	\$393,027		
Average Tax Due & Fee per Boat	\$ 68.69	\$ 93.31	\$ 82.76		

Commercial Vessels

Chart 23 - Annual Tax on Commercial Vessels

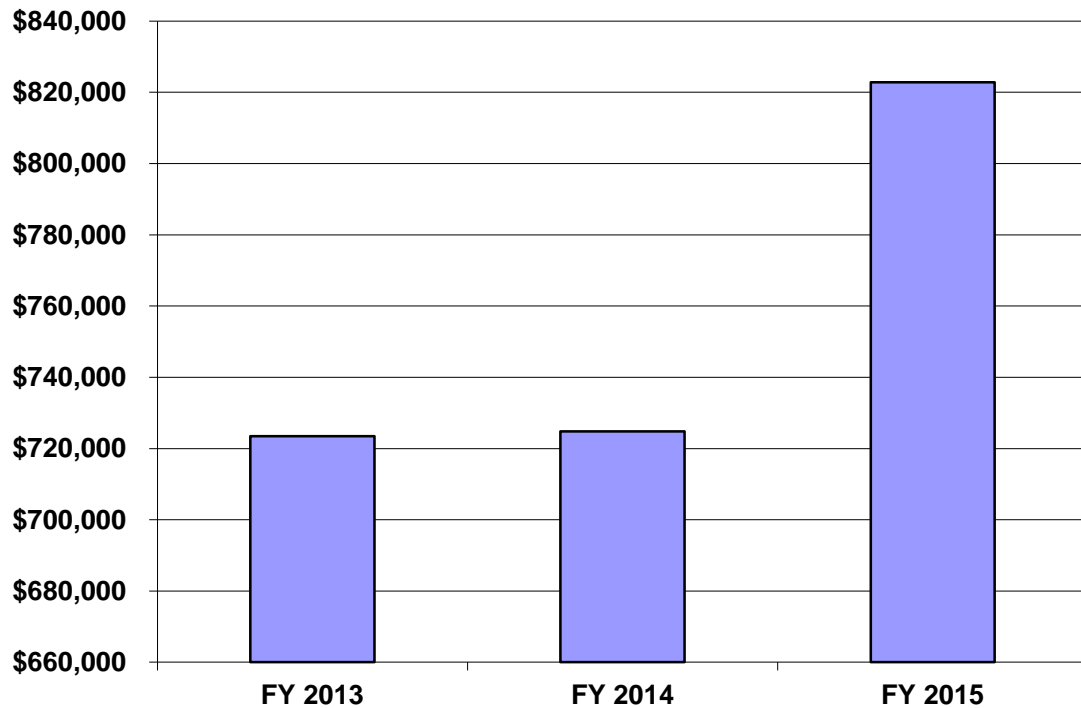


Table 23 - Annual Tax on Commercial Vessels

Commercial Vessels					
	FY 2013	FY 2014	FY 2015	Inc/ Dec	%Change
Units	312	322	350	28	9%
Assessed Value	\$48,222,787	\$48,217,654	\$54,842,266	\$6,624,612	14%
Annual Tax	\$723,480	\$724,824	\$822,794	\$97,970	14%
Average Tax Due per Boat	\$ 2,318.85	\$ 2,251.01	\$ 2,350.84		

Cigarette Tax

Chart 24 - Revenue from Cigarette Tax

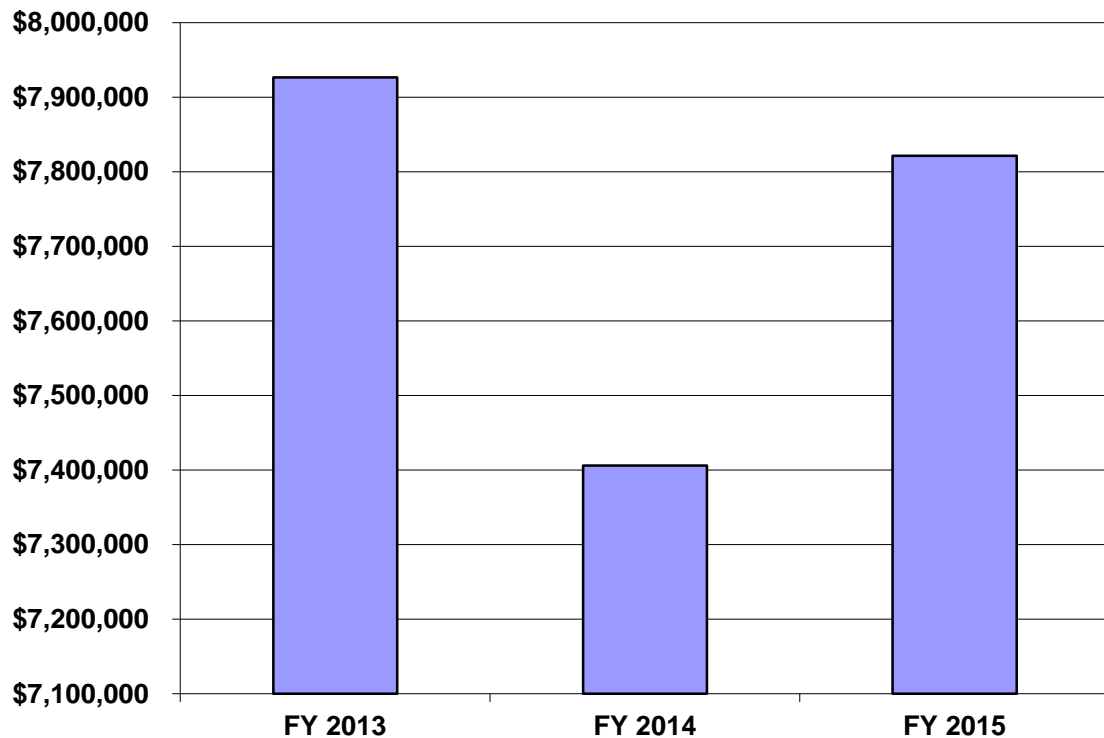


Table 24 - Revenue from Cigarette Tax

	FY 2013	FY 2014	FY 2015	Dollars Inc/ Dec	% Change
Revenue	\$ 7,926,366	\$ 7,406,183	\$ 7,821,512	\$ 415,329	6%
# of Accounts	20	20	17		

Short Term Rental Tax

Chart 25 - Short Term Rental Tax - Daily Rental

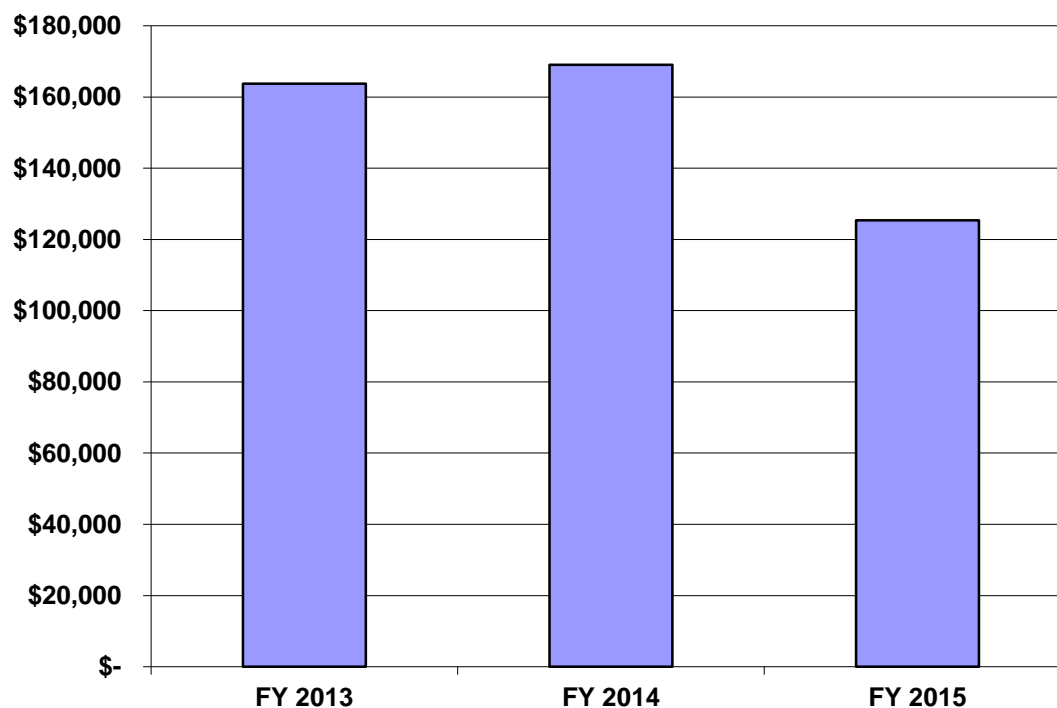


Table 25a - Short Term Rental Tax - Daily Rental

	FY 2013	FY 2014	FY 2015	Dollars Inc/ Dec	% Change
Revenue	\$ 115,267	\$ 134,891	\$ 74,374	\$ (60,517)	-44.9%
# of Accounts	30	30	30		

Table 25b - Short Term Rental Tax - Machinery

	FY 2013	FY 2014	FY 2015	Dollars Inc/ Dec	% Change
Revenue	\$ 48,439	\$ 34,150	\$ 51,040	\$ 16,890	49.5%
# of Accounts	11	11	10		

Special Taxes - State & City

Joe Van Landingham, Business Manager & Special Tax Coordinator

Phone: 664-7894 email: joe.vanlandingham@norfolk.gov

Special Taxes - State & City

- ◆ **Bank Franchise Tax** - This tax is imposed on banks with offices in Norfolk. The rate is based on the percentage of deposits through the principal office and/ or branches located in Norfolk as of January 1. The tax is 80% of the state rate of taxation (\$1 per \$100 of net capital) on each \$100 of the net capital of each bank located in the city. The tax is due annually on, or before, June 1st.
- ◆ **Franchise Fee** - A franchise fee, in the amount of 3% of gross receipts, is collected annually from public service telephone companies. Payment of the tax allows the telephone company to use the localities' rights of way for the placement of their telephone equipment.
- ◆ **Utilities** - Utility taxes collected during each calendar month are reported, and paid, by each utility company on, or before, the 27th day of the second month following collection. Electric and gas companies base the amount of the utility tax on kilowatts per hour of electricity (kWh) and cubic feet of natural gas (CCF) consumed, as applicable. The schedule of taxation rates for utility companies is as follows:

Utilities - Residential

Electric - \$1.75 + .016891 per kWh not to exceed \$3.75 per month
Natural Gas - \$1.50 per month
Water - 25% of the first \$22.50

Utilities - Business

Electric - \$1.75 + .017933 on first 537 kWhs monthly + .006330 on remaining kWhs
Natural Gas - \$3.225 + .167821 on first 70 CCF + .161552 on CCF in excess of 70 CCF and up to 430 CCF + .15363 on all remaining CCF not to exceed \$500
Water - 25% of the first \$75 plus 15% of bill in excess of \$75

Special Taxes - State & City Duties

Utilities - Commercial and Industrial

Electric - \$2.87 + .017933 on first 537 kWhs and .006330 on all remaining kWhs

Utilities - Manufacturer

Electric - \$1.38 + .004965 on first 3,625,100 kWhs + .004014 on all remaining kWhs not to exceed \$53,000 per month. Manufacturers located in an Urban Enterprise Zone shall be taxed at the rate of \$1.38 + .006192 on kWhs delivered monthly, not to exceed \$10,440 per month. Commercial and Industrial - \$2.87 + .017933 on first 537 kWhs and .006330 on all remaining kWhs.

Natural Gas - \$3.225 + .167821 on first 70 CCF + .161552 on CCF in excess of 70 CCF and up to 430 CCF delivered monthly not to exceed \$500

Water - 25% of the first \$75 plus 15% of bill in excess of \$75

- ◆ **Communications Sales Tax** - Beginning in January 2007, the Department of Taxation assumed control of the charging and collection of State Communication Sales and Use Tax. This action replaced localities' ability to charge Utility Tax on Landline Telephone services, Wireless Telephone services, Cable Television services along with the Franchise Fee charged to the Cable Television industry, and the 911 fee.
- ◆ **Consumption Tax** - Beginning January 2001, as part of the deregulation of the electric and gas industries in Virginia, three existing taxes; the Local Utility License Tax, the State License Tax, and the State Regulatory Tax, were replaced with just one tax, The Consumption Tax. This tax is applied on the number kilowatt hours of electricity or the number of cubic feet of natural gas actually used by the customer. Consumers are taxed now strictly on usage rather than the fluctuating price of energy.
- ◆ **Public Service Corporation** - Personal & Real Property taxes are imposed on public service corporations such as utility and railroad companies. These rates are set by the Virginia General Assembly and valued by the State Corporation Commission. The Commissioner of Revenue is responsible for verification of taxable assets and for classifying those assets in accordance with the asset type. The real property taxation rate is \$1.11 per \$100 and the personal property taxation rate is \$4.33 per \$100.

Franchise Tax and Utility Tax

Table 30a - Franchise Tax

Franchisee	FY 2013	FY 2014	FY 2015	Revenue Inc/Dec	% Change
Bank Franchise	\$ 2,973,646	\$ 2,381,817	\$ 2,491,802	\$ 109,985	5%
Verizon	876,118	689,016	668,600	(20,416)	-3.0%
TOTAL	\$ 3,849,764	\$ 3,070,833	\$ 3,160,402	\$ 89,569	3%

Table 30b - Utility Tax Revenue

Utility Companies	FY 2013	FY 2014	FY 2015	Inc/ Dec	% Change
Dominion Virginia Power	12,539,259	11,482,629	12,726,781	1,244,152	10.8%
Public Utilities (Water)	4,983,990	5,287,786	5,606,016	318,230	6%
Virginia Natural Gas	2,935,489	2,862,485	3,151,494	289,009	10%
Communication Sales Tax	22,545,061	21,857,486	21,961,494	104,008	0%
Total	\$ 43,003,799	\$ 41,490,386	\$ 43,445,785	\$ 1,955,399	5%

Table 30c - Consumption Tax

Utility	FY 2013	FY 2014	FY 2015	Inc/ Dec	% Change
Dominion Virginia Power	\$ 638,345	\$ 604,355	\$ 636,028	\$ 31,673	5%
Virginia Natural Gas	121,204	127,543	141,063	\$ 13,520	11%
Total	\$ 759,549	\$ 731,898	\$ 777,091	\$ 45,193	6%

Public Service Corporation Tax

Chart 30 - Public Service Corporation Taxes

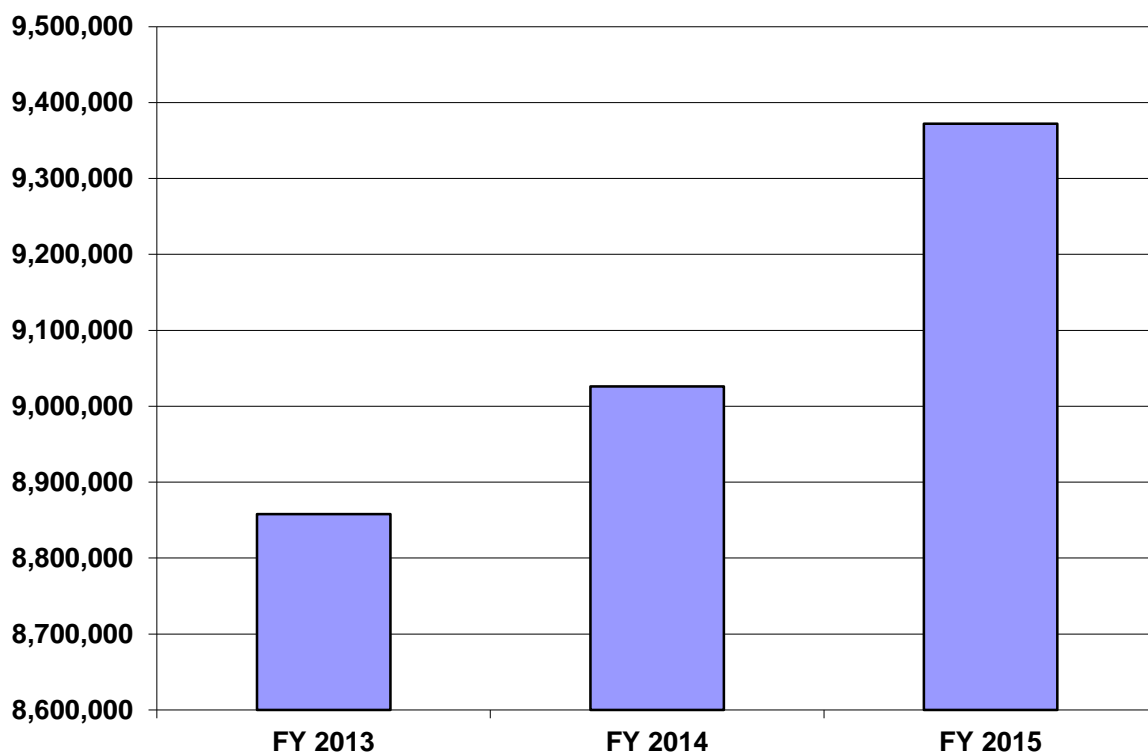


Table 31 - Public Service Corporation Real Property and Personal Property Taxes

		Year			Inc/Dec	% Change
		FY 2013	FY 2014	FY 2015		
Real Property	Assessments	787,868,078	775,310,621	805,277,526	29,966,905	4%
	Tax	8,745,336	8,916,072	9,260,692	344,620	4%
Personal Property	Assessments	2,595,611	2,544,474	2,570,256	25,782	1%
	Tax	112,390	110,176	111,292	1,116	1%
Total	Assessments	790,463,689	777,855,095	807,847,782	29,992,687	4%
	Tax	8,857,726	9,026,248	9,371,984	345,736	4%

Audit Team

Jennifer Ward, Supervisor

Phone: 664-7874 email: jennifer.ward@norfolk.gov

Audit Team Duties

- ◆ Ensure compliance with state and city taxes, laws, ordinances and fees
- ◆ Evaluate, appraise, and compare businesses' license and other business tax revenues to their level of compliance
- ◆ Conduct classification determination visits
- ◆ Research, evaluate and prepare amendments to legislative proposals impacting localities' ability to generate tax revenues.
- ◆ Provide renderings for statewide uniformity in the application of tax matters

In - Depth Assessments

Chart 33 - Comparison of In-Depth Assessments and Amount Collected by year

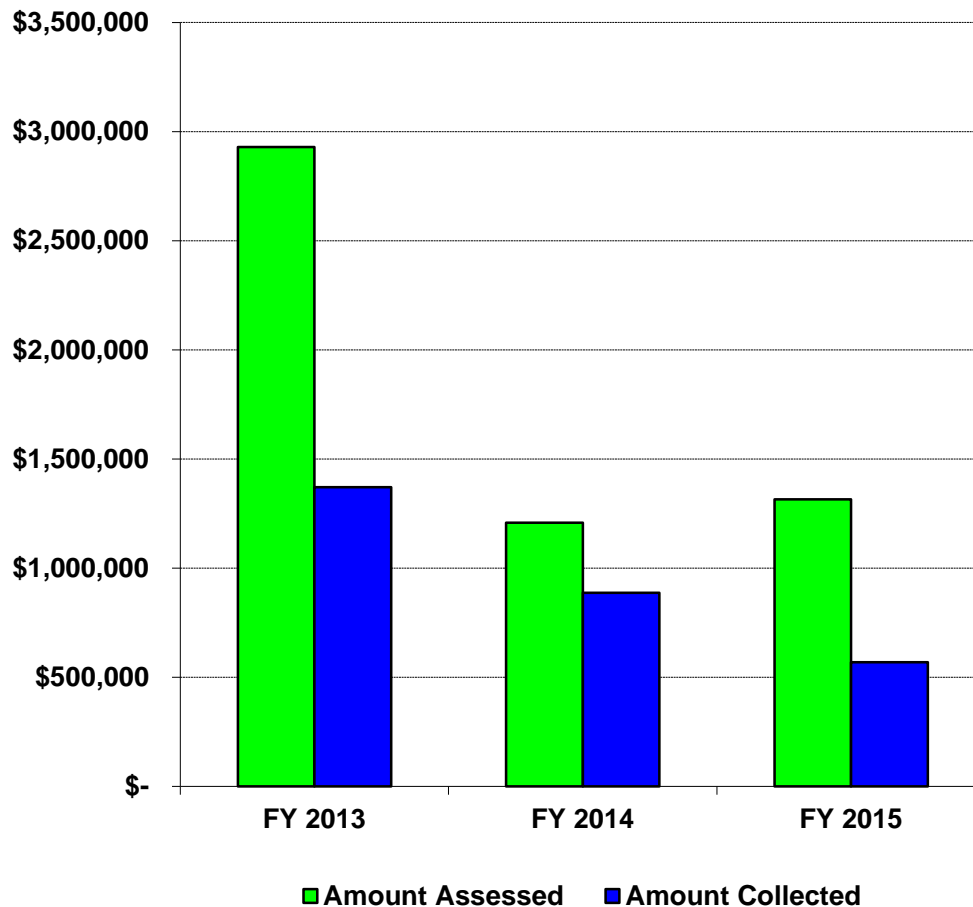


Table 33 - Revenue collected from in-depth assessments

	FY 2013	FY 2014	FY 2015
Amount Assessed	\$2,928,624	\$1,208,547	\$1,315,430
Amount Collected	\$1,371,052	\$887,360	\$570,075

Note: Annual fluctuations between "Amount Assessed" & "Amount Collected" reflect timing differences between the audit completion and the collection of taxes assessed. Payment arrangements, Circuit Court judgments, and/or seizure and/or collection of Business Property Taxes by the City Treasurer are reasons for these timing differences.

Tax Compliance Department

Kathy Jernigan, Supervisor

Phone: 664-7881 email: kathy.jernigan@norfolk.gov

Tax Compliance Department Duties

- ◆ Enforce compliance for business license, business personal property taxes, food and beverage tax, lodging tax, admissions tax and cigarette tax
- ◆ Ensure proper compliance of taxpayers relating to yard sales and permits
- ◆ Conduct taxpayer inquiry investigations
- ◆ Serve as ambassadors for the office of the Commissioner of Revenue throughout the city while performing daily job functions, as well as serving on community committees and attending community meetings as the liaison between the citizens and this office
- ◆ Answering questions, addressing citizen/taxpayer concerns and assisting with interdepartmental referrals regarding a variety of issues
- ◆ Represent Commissioner as a member of the City's Bar Task Force and the Convenience Store Task Force.

Tax Compliance Team Summary

Table 35a - Tax Compliance activities by category

Activities	FY 2013	FY 2014	FY 2015	Inc/ Dec	% Change
Telephone Contacts	2,116	1,944	2,950	1,006	52%
Visits/Contacts	1,704	1,473	1,535	62	4%
Discovery	145	127	111	(16)	-13%
Paid Delinquent Business Licenses	4,127	3,421	5,471	2,050	60%
Paid Meal Tax	1,212	935	1,501	566	61%
Total Investigative Activities	9,304	7,900	11,568	3,668	46%

Table 35b - Tax Compliance activities by amount

Activities	FY 2013	FY 2014	FY 2015	Inc/ Dec	% Change
Delinquent Business Licenses - Paid	\$ 6,760,144	\$ 419,894	\$ 633,261	\$ 213,367	51%
Inquiry Visits	48,848	215,627	245,345	29,718	14%
Paid Meal Tax	1,123,457	1,040,780	1,049,028	8,248	1%
Total	\$ 7,932,449	\$ 1,676,301	\$ 1,927,634	\$ 251,333	15%

Brief Description of Activities

Visits/Contacts - contact made by us to taxpayers in person

Inquiries -includes input from taxpayers, other agencies, and in - house discovery, which could result in establishing new business license accounts

Telephone Contacts - incoming and outgoing calls to/from taxpayers

Case Completed - all cases finalized, including cases where investigations have been completed and proper business license accounts have been established if required

New Cases - includes new cases generated for that period from citizen calls, in-house inquiries or other means resulting in an investigator initiating a call or visit

Taxpayer Assistance Department

Cheryl Spencer, Supervisor

Phone: 823-1134 email: cheryl.spencer@norfolk.gov

Taxpayer Assistance Department Duties

- ◆ Process Individual Income Tax Returns including
 - Accelerated Refund Returns
 - Refund, Tax Due, and Fiduciary Returns
 - Estimated Tax Declarations and Payments
 - Prior Year and Amended Tax Returns
- ◆ Provide State Tax Return Filing Assistance including
 - Return Preparation and Filing Assistance
 - Furnishing Instructional Speakers for Tax Seminars and Meetings
 - Resolution of Taxpayer Conflicts with the Department of Taxation
- ◆ State income taxes must be filed with the local Commissioner of Revenue, on or before, May 1st of each year

State Income Tax

Table 37a - State Income Tax Processing by Category

	FY 2013	FY 2014	FY 2015	Number Inc/ Dec	% Change
Regular Refunds	3,432	3,117	2,683	(434)	-14%
Accelerated Refunds	3,625	3,240	2,863	(377)	-12%
Tax Due	1,725	1,750	1,583	(167)	-10%
Estimated Taxes	1,956	1,973	1,692	(281)	-14%
Amended & Prior Year Returns	2,197	2,002	1,787	(215)	-11%
Totals	12,935	12,082	10,608	(1,474)	-12%

Table 37b - Taxpayer assistance statistics

	FY 2013	FY 2014	FY 2015	Number Inc/ Dec	% Change
Customer Visits for Filing Assistance	3,346	3,084	2,863	(221)	-7%
Telephone Calls Seeking Assistance	8,877	8,024	7,934	(90)	-1%
Total Taxpayer Assistance	12,223	11,108	10,797	(311)	-3%

Table 37c - Taxpayer dollar amounts processed

	FY 2013	FY 2014	FY 2015	Number Inc/ Dec	% Change
Individual Income Tax Due Assessed	\$ 1,554,013	\$ 1,323,976	\$ 1,116,422	\$ (207,554)	-16%
Estimated Income Tax Assessed	\$ 2,992,280	\$ 2,783,208	\$ 2,616,510	\$ (166,698)	-6%
Total Dollars Processed	\$ 4,546,293	\$ 4,107,184	\$ 3,732,932	\$ (374,252)	-9%

Assessment Recap by Classification

Table 38 - Recapitulation of assessments by classification

CLASSIFICATION	FY 2013	FY 2014	FY 2015	INC/ DEC	% CHNGE
Admissions	\$ 3,935,768	\$ 3,355,137	\$ 4,261,248	\$ 906,111	27%
Aircraft	238,848	216,849	278,282	61,433	28%
Boats - Personal WaterCraft & Fee	320,865	435,099	393,027	(42,072)	-10%
Boats - Commercial Vessels	723,480	724,824	822,794	97,970	14%
Business License	31,005,670	31,056,717	31,987,030	930,313	3%
Cigarette Taxes	7,926,366	7,406,183	7,821,512	415,329	6%
Consumption Tax	759,549	731,898	777,091	45,193	6%
DMV Select	94,829	100,920	105,629	4,709	5%
Food and Beverage	27,210,164	29,472,999	24,983,385	(4,489,614)	-15%
Franchise Taxes	3,849,764	3,070,833	3,160,402	89,569	3%
Furniture & Fixtures	19,601,305	19,885,662	19,272,337	(613,325)	-3%
In-Depth Assessments	2,928,624	887,360	570,075	(317,285)	-36%
Lodging Taxes	5,495,494	5,839,247	5,294,262	(544,985)	-9%
Machinery & Tools	5,780,541	6,621,950	5,842,623	(779,327)	-12%
Mobile Homes	17,640	18,305	16,672	(1,633)	-9%
Omitted Assessments	1,029,987	513,731	598,638	84,907	17%
Passenger Car Daily Rental	3,609,578	3,717,468	3,920,540	203,072	5.5%
Public Service Corporation	8,857,726	9,026,248	9,371,984	345,736	4%
Residential Parking Decals	34,906	31,469	29,449	(2,020)	-6%
Room Tax	1,835,935	1,769,962	1,752,806	(17,156)	-1%
Short Term Rental	158,257	169,041	125,414	(43,627)	-26%
Tangible Personal Property	42,991,235	43,346,701	45,801,099	2,454,398	5.7%
Utility Taxes	43,003,799	41,490,386	43,445,785	1,955,399	5%
Yard/ Garage Sale Permits	9,685	9,310	7,910	(1,400)	-15%
Total	\$ 211,420,015	\$ 209,898,299	\$ 210,639,994	\$ 741,695	0.4%